


Memorandum

*Flex your power!
Be energy efficient!*

To: CHAIR & MEMBERS
Airspace Advisory Committee

Date: April 9, 2003

File: EXCESS LAND
AAC/CTC

From: 
VERNON V. RHINEHART, Chief
Office of Project Delivery

Subject: Information Item- Status of Functional Replacement and Exchange with Los Angeles Unified School District for the District 7 Equipment Service Shop 7 Property Director's

On June 17, 2002, the State of California, Department of Transportation (State) and the Los Angeles Unified School District (LAUSD) entered into an Exchange Agreement (Agreement) for the functional replacement and exchange of the Department's 6.2 acre Shop 7 equipment facility located at, 5421 Vineland Avenue, North Hollywood. The Agreement was for purposes of accommodating LAUSD's proposed construction project for the new East Valley High School, and the timely relocation of the Department's Shop 7 facility.

In summary, the Agreement provides that LAUSD provide the State with a new replacement site and "turn key" replacement facility, at their sole cost and expense, in exchange for the Department's existing property as described above. The transaction was previously described to Airspace Advisory Committee (AAC) members in the Department's prior letter to the Committee dated July 10, 2002, attached.

Current Status of the transaction / negotiations:

LAUSD has tentatively selected a replacement site for the new Shop 7 facility which is acceptable to the State. This site (known as Taylor Yard F) will contain approximately 11+ acres and is located in the Glassell Park District of the City of Los Angeles, CA 90065. LAUSD is currently in negotiations with the owners of the site (Los Angeles Media Tech Center) and the Developers (Legacy Partners) for a direct purchase with a build-to-suit for construction of the replacement improvements.

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LAUSD is also in negotiations with local property owners adjacent to the Taylor Yard F property to secure direct access to the site via San Fernando Road.

LAUSD is currently having the site appraised and is in the process of obtaining all the appropriate environmental clearances as required by the terms of the Agreement. The Notice to Proceed for construction of the replacement improvements are expected to go to the contractor on January 1, 2004, with an anticipated completion date 12 months thereafter.

We will keep the AAC members informed of transaction developments for their information and subsequent recommendation to the CTC.

Attachment

c: Brice D. Paris

Memorandum

To: CHAIR AND MEMBERS
Airspace Advisory Committee

Date: July 10, 2002

From: DEPARTMENT OF TRANSPORTATION
DIVISION OF RIGHT OF WAY
MAIL STATION 37

File: EXCESS LAND
AAC/CTC

Subject: Information Item- Pending Exchange Agreement with Los Angeles Unified School District for Functional Replacement of District 7 Equipment Service Shop 7 Property.

The subject District 7 Equipment Service Shop 7 property has been owned by the Department as an equipment repair and service facility, for approximately 70 years. It is located at 5421 Vineland Avenue, North Hollywood, and serves Los Angeles, Orange and Ventura Counties. It contains 6.2 acres in land area and approximately 67,990 square feet in building area consisting of an office building and two industrial buildings. The buildings are constructed primarily of steel frame with metal siding and roofing material.

The Los Angeles Unified School District (LAUSD) proposes to acquire the property, together with numerous surrounding properties for their East Valley New High School No. 1B Project, through either agreement or condemnation.

Both the Department's independent appraisal and LAUSD's independent appraisal have valued the Shop 7 property at approximately \$6+ million. After extended negotiations, and in lieu of a direct purchase, the parties have entered into an Exchange Agreement, which provides for the LAUSD to provide a new replacement site and functional replacement facility at their sole cost and expense, in exchange for the Department's existing property as described above. The initial estimated cost of a functional replacement site and new buildings is between \$15 to \$20 million.

Benefits to the Department:

- New service and repair facility
- New design
- Potential for expansion

Department receives new "Turn Key" Functional Replacement Property
Under a condemnation action, the department would have only been entitled to the Fair Market Value of the property

Basic terms of the Exchange Agreement:

In exchange for the State's Shop 7 property, LAUSD is to provide the State a "turn key" functional replacement site and replacement improvements to be acquired and constructed by LAUSD.

Functional replacement is defined as a fully functional and operational replacement of the State's Shop 7 property, such that the replacement property and replacement improvements are ready to be opened, and operated as a State equipment repair and service facility.

LAUSD's obligation is specifically limited to providing a Functional Replacement. Any "betterments" requested by the State, including additional acreage, building square footage increases or design features resulting in increased construction cost, other than those dictated by regulatory compliance, will be at the sole expense of the State.

- It is the goal of LAUSD to select one of three (3) Department pre-approved replacement sites within sixty (60) days of execution of the Exchange Agreement.

LAUSD will notify the State immediately in the event that LAUSD is unable to acquire and provide the State one of the three (3) replacement sites. The parties will then jointly select an alternate site.

LAUSD is to provide State with an informational notice ninety (90) days prior to the estimated completion date of the replacement improvements.

Following the issuance of an occupancy permit for the replacements improvements, by the City of Los Angeles, the parties agree to deliver their respective deeds into escrow with instructions from the parties for the escrow holder to record the deeds upon the State vacating the Shop 7 property. State shall vacate the Shop 7 property, as soon as possible, but in any event no later than forty-five (45) days following receipt of notice of such issuance.

Attached is a location map, aerial photo, and plat map of the State's Shop 7 property. We will keep the AAC members informed of transaction developments for their information and subsequent recommendation to the CTC.

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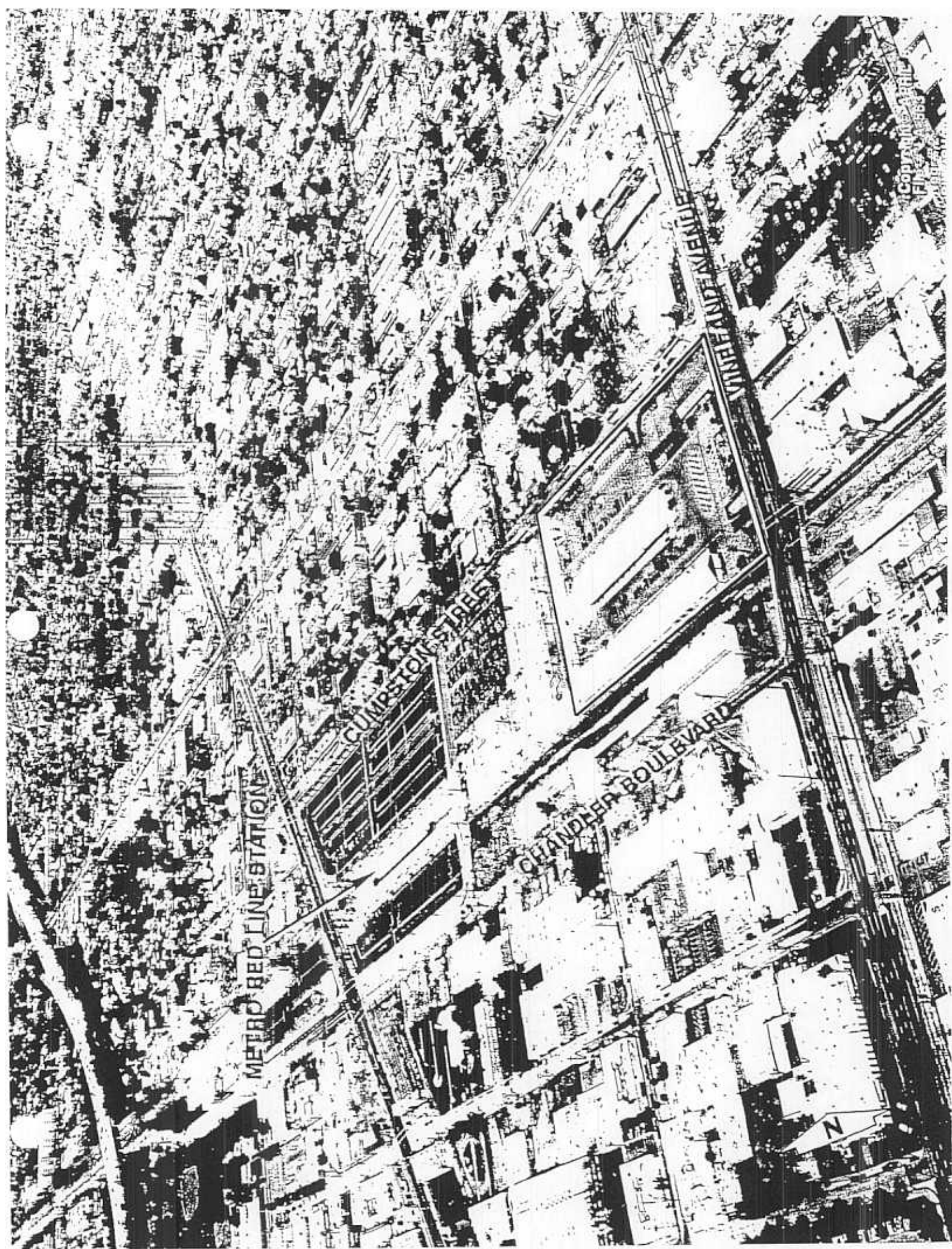
A handwritten signature in black ink, appearing to read 'Vernon V. Rhinehart', is written over the printed name.

VERNON V. RHINEHART, Chief
Office of Project Delivery
Right of Way

Attachments

LOCATION MAP





METRO RED LINE STATION

CUMPTON STREET

CHANDLER BOULEVARD

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Mason & Mason Real Estate Appraisers & Consultants